5 Bargain Dividend Stocks for Your TFSA

Description

For dividend investors, there's no better place to put holdings than a tax-free savings account. Offering tax exemptions on both gains *and* dividend payouts, a TFSA is a great place to buy–and keep–your investments. In today's market, there are plenty of great TFSA dividend stocks to choose from. With last year's losses having depressed stock prices without any corresponding decline in earnings, it's a great time to buy quality stocks on the cheap. The following are just five of the dozens of great dividend stocks currently selling at a discount.

Canadian National Railway (TSX:CNR)(NYSE:CNI)

CN Railway is one of the few TSX stocks that didn't lose much in last year's correction; it's currently holding steady from its November prices. Despite the flat price, the company is growing earnings at 18% year-over-year while having a trailing P/E ratio of just 14. The stock's yield is just 1.65% right now, but has been growing at 18% a year. The yield on CNR shares bought today could easily double in five years, assuming future growth continues at the same rate.

Canadian Pacific Railway (TSX:CP)(NYSE:CP)

Canadian Pacific is another railway stock with high earnings growth and a juicy return on equity. This company transports products related to agriculture and energy, which ensures steady business, as Canada's economy is disproportionately concentrated on these sectors. Canadian Pacific's dividend yield is lower than CN's at 0.97%; its annual dividend growth is also lower at 9.7%. Canadian Pacific had a serious earnings miss in its most recent quarter, with diluted EPS falling 43%; however, the company expects double-digit earnings growth for 2019. The company also reported adjusted diluted EPS growth of 41% in the quarter based on the non-recurring nature of costs that drew GAAP earnings down. Revenue was up 17%.

Toronto-Dominion (TSX:TD)(NYSE:TD)

Toronto-Dominion Bank is one of Canada's favourite bank stocks, with nearly double-digit earnings growth and a 3.68% dividend yield. The main draw here is the company's U.S. retail business, which grew at 44% year-over-year in the most recent quarter. TD's U.S. retail division is now almost as large as its Canadian retail division, and will soon eclipse it if earnings growth stays high. Assuming that happens, TD's bottom line growth rate may also go up, as the U.S. retail business still has plenty of room to grow.

Restaurant Brands International Inc. (TSX:QSR)(NYSE:QSR)

Restaurant Brands did exceptionally well in January, rising 18% in the first 28 days of the month. It's not hard to see why. The company is enjoying 13% year-over-year revenue growth while generating a 24% return on equity. The company's dividend currently yields about 3.22%, while the payout grew at an incredible 109% over the past 12 months.

OpenText Corporation (TSX:OTEX)(NASDAQ:OTEX)

Last but not least, we have OpenText Corporation–a tech company that owns an enormous portfolio of valuable products, including the popular Qfiniti call center management suite. Despite its lack of name recognition, OpenText is an enormous company, bringing in over $2 billion worth of revenue last year with a $250 million profit. At the time of writing, OpenText shares yielded 1.8%–not a stratospheric yield by any stretch, but higher than average for a tech stock.

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TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:CP (Canadian Pacific Railway)
4. NYSE:QSR (Restaurant Brands International Inc.)
5. NYSE:TD (The Toronto-Dominion Bank)
6. TSX:CNR (Canadian National Railway Company)
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